

MARKET NEWS for pig meat



Market analysis

11 January 2016

Week 2

MARKET SITUATION

In the European market, trade in pork legs took place at slightly increasing price levels this week and for other cuts, trade was at unchanged or slightly increasing price levels.

Sales in the UK bacon market were unchanged.

As regards markets outside Europe, there is good trade to Japan and sales to China are stable.

SLAUGHTERINGS

	Week 51	Week 52	Week 53	Week 1-52 2015/14
Total	380,302	214,345	214,290	-0.1

These figures are based on returns from Classification Control Service, representing around 98 per cent of total throughput in Denmark.

The figures include live pigs and sows arriving at the slaughterhouse, but exclude culled animals.

PRICES FOR WEEK 2

Finished pigs and sows

DKK/kg	DC	Tican
Finished pigs (basic weight class and meat percentage)	8.70	8.70
Sows (above 130 kg)	4.50	4.50

Nominal prices for piglets (30 kg)

DKK/head		Current	52 wk av
Nominal price (basic)		327.49	339.17
Nominal price (SPF+Myc)		332.49	344.17
Nominal price (SPF)		336.49	348.17
Nominal price (organic)		1035.02	965.59
Market price SPF region 1	(PRRS negative)	300.00	318.00
	(PRRS positive)	280.00	297.00
Market price SPF region 2/3	(PRRS negative)	300.00	318.00
	(PRRS positive)	280.00	297.00

Weight adjustment:	0-9 kg	9-12 kg	12-25 kg	25-30 kg	30-40 kg
DKK/head	9.88	8.50	5.25	5.40	5.34

FUTURES PRICES

	Chicago (\$ per 100 lbs slaughter weight)			Eurex (€/kg slaughter weight)		
	8/1	31/12	Change	8/1	30/12	Change
2016						
Jan	-	-	-	1.25	1.25	0.00
Feb	59.85	59.80	+0.05	1.36	1.36	0.00
Mar	-	-	-	1.41	1.41	0.00
Apr	65.23	65.95	-0.72	1.41	1.41	0.00
May	73.10	73.65	-0.55	1.41	1.41	0.00
Jun	77.08	78.00	-0.92	1.41	1.41	0.00
Jul	76.85	77.85	-1.00	-	-	-
Aug	76.88	76.98	-0.10	-	-	-
Sep	-	-	-	-	-	-
Oct	65.40	65.60	-0.20	-	-	-
Nov	-	-	-	-	-	-
Dec	61.48	61.40	+0.08	-	-	-
Jan	-	-	-	-	-	-
Feb	64.00	63.98	+0.02	-	-	-
Mar	-	-	-	-	-	-
Apr	67.00	66.98	+0.02	-	-	-
May	70.65	70.63	+0.02	-	-	-
Jun	72.10	71.63	+0.47	-	-	-
Conversion factors: 1 lb = 0.4536 kg \$ = DKK 6.8684				Conversion factor: € = DKK 7.4598		

 **LATVIA**
African Swine Fever

In the past week, the authorities in Latvia have reported 22 new cases of African Swine Fever in wild boar in the eastern part of the country.

 **POLAND**
African Swine Fever

In the past week, the authorities in Poland have reported two new cases of African Swine Fever in wild boar.



Export of live pigs

Source: Denmark Statistics

Piglets < 50 kg.

Product code 0103 9110

	October 2015	October 2014	Jan-Oct 2015	Jan-Oct 2014
Germany	500,550	576,820	5,336,411	5,549,680
Poland	364,950	361,169	3,739,052	3,115,484
Italy	53,087	42,044	521,494	382,545
Netherlands	14,777	14,247	180,204	208,076
Czech Republic	9,772	11,136	89,077	117,356
Other	29,466	10,511	110,639	117,571
Total	972,602	1,015,927	9,976,877	9,490,712

Pigs and sows 50-160 kg.

Product code 0103 9219

	October 2015	October 2014	Jan-Oct 2015	Jan-Oct 2014
Germany	14,935	17,402	176,757	186,130
Spain	1,229	1,424	22,027	18,975
Belgium	1,800	1,924	20,783	2,912
Poland	330	3,030	5,542	16,068
Ukraine	116	109	967	6,167
Other	1,512	2,672	25,549	49,654
Total	19,922	26,561	251,625	279,906

Sows > 160 kg.

Product code 0103 9211

	October 2015	October 2014	Jan-Oct 2015	Jan-Oct 2014
Germany	3,132	1,765	22,064	23,046
Other	-	-	-	-
Total	3,132	1,765	22,064	23,046

Pigs for breeding

Product code 0103 1000

	October 2015	October 2014	Jan-Oct 2015	Jan-Oct 2014
Germany	10,616	4,350	97,306	94,007
Spain	731	1,343	5,650	4,755
Belgium	281	757	5,203	4,809
Poland	334	1,645	4,657	6,118
France	347	406	3,231	3,008
Slovakia	373	388	2,431	3,332
Netherlands	103	273	2,214	3,481
Belarus	76	14	1,288	4,179
Other	2,392	5,385	23,457	17,638
Total	15,253	14,561	145,437	141,327



Pig meat storage

The EU Commission reported that in the first week of private storage aid for pig meat (4/1-7/1) applications were made to store 35,290 tonnes. This is above last year's figure, when in the first week (9/3-12/3), applications were made for 20,761 tonnes..

Product code	Product	3 months	4 months	5 months	Total
02031110	Half carcasses	60	-	-	60
02031211	Legs	1,158	270	1,433	2,861
02031219	Picnic shoulder	285	-	40	325
02031911	Shoulder	2,215	-	-	2,215
02031913	Loin	235	21	198	454
02031955	Legs, Picnic shoulder, Deboned loin	11,748	1,581	5,379	18,708
02031915	Belly	1,958	-	137	2,095
02031955	Deboned belly	1,801	310	984	3,095
02031955	Deboned middles	2,586	200	30	2,816
02091011	Lard	2,021	30	610	2,661
Total		24,067	2,412	8,811	35,290

Tonnes	3 months	4 months	5 months	Total	% share
Spain	2,832	1,545	4,897	9,274	26.3
Germany	8,215	-	600	8,815	25.0
Denmark	5,607	-	300	5,907	16.7
Netherlands	4,587	295	663	5,545	15.6
Poland	350	21	1,082	1,453	4.1
France	565	178	258	1,001	2.8
Ireland	776	53	159	988	2.8
Belgium	332	170	100	602	1.7
Portugal	-	-	355	355	1.0
Finland	100	40	205	345	1.0
Cyprus	213	-	27	240	0.7
Estonia	160	-	-	160	0.5
Others	330	110	165	605	1.8
Total EU-28	24,067	2,412	8,811	35,290	100.0

EU Commission investigates French price negotiations

Reuters report that the EU Commission has opened an investigation into a possible breach of competition rules when, at the request of the French government, representatives from the French agricultural sector were summoned to crisis talks with a view to obtaining better prices for French farmers.

On the basis of the complaints received, the Commission has asked the various parties who took part in the meetings (agricultural organisations, meat companies, supermarkets) to explain the details of the meetings.

The main French agricultural organisation, FNSEA, has confirmed that they have been contacted by the Commission. A spokesman for the retail industry confirms that the Commission has contacted them as well.

A spokesman for the Minister of Agriculture, Stephane Le Foll, says that the Minister is aware that an EU investigation is underway, but that the Ministry has not received contact.

 **SWEDEN**

Decline in slaughterings

The most recent report from Kött och Charkförtagen, shows that slaughterings for the July quarter 2015 were 5.2 per cent lower than the same quarter in 2014. For the first three quarters of 2015 as a whole, pig slaughterings declined 1.2 per cent compared to same period last year. In terms of companies' market shares, there was little change from previous quarters. Scan is losing share, following the closure of its plant in Skara, whereas Danish Crown's company, KLS Ugglarps, and the majority of other slaughterhouses in the Swedish market are gaining share.

In analysing the figures below, it should be recognised that Swedish slaughterhouses regularly slaughter for each other on a contract basis.

	July quarter			Jan - Sep		
	2015	2014	% change	2015	2014	% change
Scan Kristianstad	176,354	179,301	-1.6	535,761	516,829	3.7
Scan Skara	-	43,892	-	-	182,768	-
Scan total	176,354	223,193	-21.0	535,761	699,597	-23.4
KLS Ugglarps Kalmar	110,313	108,118	2.0	324,267	273,659	18.5
KLS Ugglarps Ugglarp	61,117	67,768	-9.8	187,162	187,138	0.0
KLS total	171,430	175,886	-2.5	511,429	460,797	11.0
Skövde Slakteri	78,925	70,796	11.5	237,684	199,443	19.2
Dalsjöfors Slakteri	78,339	81,035	-3.3	236,913	221,411	7.0
AJ Dahlbergs Slakteri	30,185	30,107	0.3	96,013	85,948	11.7
Ginsten Slakteri	24,615	25,092	-1.9	70,571	71,028	-0.6
Gotlands Slakteri	17,760	19,044	-6.7	55,205	58,730	-6.0
Siljans Chark	14,710	7,578	94.1	43,643	22,298	95.7
Alviksgården	7,989	8,394	-4.8	24,534	24,464	0.3
Other	27,226	20,778	31.0	70,103	60,294	16.3
Total	627,533	661,903	-5.2	1,881,856	1,904,010	-1.2

HK Scan sells shareholdings in Sweden

HK Scan is continuing its efforts to restructure and focus on its core activities and has decided to sell its 25 per cent shareholding in Gotlands Slakteri and Svensk Butikskött, to the main shareholder of Svensk Butikskött, Thomas Östlund. HK Scan has owned the two shareholdings since 2010.

Minister calls for country labelling for meat in restaurants

Sweden's Ministers for Agriculture and Food want EU legislation for 'country of origin' labelling for meat in the retail sector to be extended to restaurants. In an article in the Swedish press, they state that country labelling information should not be any different when eating out and almost half of all meat eaten in Sweden is imported.

 **NETHERLANDS**
Increase in exports

Official figures for Dutch exports of fresh and frozen pig meat for the three first quarters of 2015 show an 8% rise in total exports on the year.

By far the majority of exports (approx. 80 per cent) are sold in EU markets, but rising exports to China and South Korea mean that the percentage exported to countries outside the EU is increasing. The main reason for the growth in exports is due to a rise in Dutch slaughterings alongside the fall in export of live animals.

0203				
Fresh/frozen pig meat				
'000 tonnes	Jan-Sep 2013	Jan-Sep 2014	Jan-Sep 2015	
EU	439.2	482.1	506.2	
Italy	91.3	106.0	107.8	
Germany	75.2	79.3	89.0	
Greece	72.2	72.3	74.0	
UK	44.4	56.7	58.7	
Non EU	98.8	111.4	132.5	
China	0.3	3.5	22.3	
Japan	11.8	20.3	20.0	
South Korea	7.2	9.7	14.1	
Total	538.0	593.5	638.7	

 **JAPAN**
Import of fresh and frozen pig meat

0203					
Fresh/frozen pig meat					
Tonnes	2015 November	2014 November	2015 Jan-Nov	2014 Jan-Nov	% change 2015:14
USA	20,568	18,765	238,842	255,922	-6.7
Canada	14,438	10,210	151,832	135,308	12.2
Denmark	10,236	7,734	100,957	129,388	-22.0
Spain	5,020	3,127	66,777	61,325	8.9
Mexico	5,854	4,918	63,168	57,990	8.9
Chile	2,204	1,461	20,503	25,131	-18.4
Hungary	1,638	1,469	19,994	16,650	20.1
Netherlands	1,263	2,081	17,315	18,002	-3.8
France	1,032	274	9,806	12,899	-24.0
Italy	1,001	941	9,744	9,018	8.0
Austria	836	670	8,685	17,139	-49.3
Germany	1,032	936	7,954	11,662	-31.8
Ireland	253	169	2,447	10,867	-77.5
Finland	99	123	1,378	1,894	-27.3
Australia	52	58	491	613	-19.8
Belgium	24	0	288	736	-60.9
Poland	0	0	0	5,903	-100.0
Others	97	526	2,678	2,200	21.7
Total	65,647	53,463	722,859	772,647	-6.4

Pig meat stocks (month end)

Tonnage	Home production		Imported		Total stocks
	Fresh	Frozen	Fresh	Frozen	
January 2014	534	19,977	6,069	137,532	164,112
February	377	21,501	6,604	132,306	160,788
Marc	376	21,482	5,093	135,340	162,291
April	339	19,661	6,385	137,844	164,229
May	320	20,320	6,611	149,109	176,360
June	302	21,089	5,305	161,602	188,298
July	435	19,122	6,043	179,298	204,898
August	315	20,329	4,390	185,751	210,785
September	270	20,233	4,531	187,256	212,290
October	275	19,833	5,816	194,628	220,522
November	299	18,826	5,031	179,654	203,810
December	579	19,305	4,802	164,276	188,963
January 2015	485	16,338	3,408	164,417	184,648
February	357	17,536	4,432	157,018	179,343
March	294	16,373	9,726	152,201	178,594
April	325	16,401	10,026	161,157	187,909
May	300	16,430	7,556	169,538	193,824
June	266	15,018	5,741	167,676	188,701
July	343	16,666	8,036	158,202	183,247
August	227	16,675	7,823	153,957	178,682
September	328	14,949	9,368	145,103	169,748
October	283	15,693	8,813	139,170	163,959

Import of sausage products

0210 Sausage products		
Tonnes	2015 Jan-Nov	% change 2015:14
China	13,566	-15.8
Taiwan	349	56.5
Thailand	8,204	-7.1
Denmark	1,760	27.4
Canada	35	45.8
USA	9,890	2.2
Brazil	3,163	-9.4
Other	1,998	4.2
Total	38,965	-6.5

 **SOUTH KOREA/**
 **BRAZIL**
Market opened to pig meat from Brazil

According to Brazil's Ministry of Agriculture, a preliminary agreement has been reached with the authorities in South Korea, which opens up the South Korean market to Brazilian pig meat after 10 years of negotiations. Some technical details still need to be resolved before the first shipments can take place. Initially, only pig meat from Santa Catarina is eligible for export. Santa Catarina is the largest pig producing state in Brazil and the only one that does not vaccinate against Food & Mouth disease.

The Brazilian Ministry of Agriculture estimates that Brazilian exports of pig meat to South Korea have the potential to reach 33,000 tonnes per annum.

South Korea has also opened up its market to Canadian beef, reports Agra Europe.

 **SOUTH AFRICA/**
 **USA**
Market opened to US pig meat

South Africa and USA have entered an agreement to open the South African market to American meat.

The agreement comes after many years of fruitless negotiations during which South Africa refused to allow imports of American pig meat because of the risk of PRRS. Finally, the US presented South Africa with an ultimatum that, if South Africa did not allow the import of US meat, it would lose its status as a favoured African trading partner.

National Pork Producers Council (NPPC) welcomes the agreement. However, NPPC has not yet seen the final version and understands that it only provides for a partial opening as certain restrictions on American pig meat to South Africa remain in place.

The U.S. Ministry of Agriculture expects that the agreement may translate into annual exports of American meat to South Africa of \$75 million.

 **USA**
Smithfield conversion to group housing for sows

According to Smithfield, by the end of 2015, 81.8 per cent of all the company's sows were in group housing systems. This is a 10 per cent increase on the year. The company expects that all its US owned sows will be group housed by the end of 2017 and all its contract sows by 2022.

In Mexico, all its pregnant sows will be group housed by the end of 2022. In Poland and Rumania, all its sow herds already comply with EU regulations.